



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

19 March 15, 2016

LORI GLASGOW
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

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First District

Mark Ridley-Thomas
Second District

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Fourth District

Michael D. Antonovich
Fifth District

March 15, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE SOLE SOURCE ACQUISITION OF RADIOLOGY
EQUIPMENT FOR VARIOUS DEPARTMENT OF HEALTH SERVICES
FACILITIES AND APPROVE APPROPRIATION ADJUSTMENT
(ALL SUPERVISORIAL DISTRICTS)
(4 VOTES)**

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director, Strategy and Operations

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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

SUBJECT

Authorize the Director of the Internal Services Department, as the County Purchasing Agent, to proceed with the sole source acquisition of radiology equipment with a purchase cost in excess of \$250,000 for various Department of Health Services facilities.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the sole-source acquisition of radiology equipment for various Department of Health Services (DHS) facilities, with a total estimated cost of approximately \$4.111 million.
2. Approve the attached appropriation adjustment (Attachment A) to reallocate \$4.111 million from Capital Project Number 86937 to various DHS facilities to fully fund the proposed equipment acquisition.



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will authorize ISD, as the County's Purchasing Agent, to proceed with the sole-source acquisition of radiology equipment for various DHS facilities, with a total estimated cost of approximately \$4.111 million detailed on Attachment B, in order for DHS to implement its acquisition strategy to standardize, replace, and update existing radiology equipment in use at DHS facilities.

By way of background, the Board of Supervisors instructed the Director of Health Services (Director) on February 5, 2013 to report back within 30 days on DHS protocols for prioritizing medical equipment purchases throughout all of its facilities. On March 5, 2013, the Director provided his report to the Board, which described the criteria used to determine the priority of medical equipment at all DHS facilities.

In accordance with DHS' report to the Board, the Department established a \$10.000 million ongoing revolving fund in Fiscal Year (FY) 2013-14 to purchase and install the radiology equipment, and make the necessary room alterations required to accommodate such equipment throughout DHS. DHS subsequently convened a committee of radiologists, physicians, and administrators representing each DHS Hospital and the Ambulatory Care Network (ACN), including other subject matter experts from DHS Capital Projects Division, DHS Finance, Supply Chain Operations, and Dental. The committee initially compiled an inventory of the radiology equipment used at all DHS and ACN facilities and assessed the clinical/radiological needs of DHS patients to select and prioritize the purchase of such equipment based on the following evaluation criteria:

- Useful life of equipment
- Workflow/utilization of equipment
- End of life equipment
- Clinical need of population for service
- Cost
- Regionalization of equipment/services
- Education and accreditation standards
- Standard of care
- DHS clinical practice
- Standardization and opportunity to leverage DHS group purchase
- Service contract availability

The purchase of the radiology equipment listed on Attachment B is in accordance with DHS' report to your Board. The FY 2015-16 Final Budget includes funding of \$10.000 million approved for this purpose set-aside in DHS' Capital Projects budget, \$8.560 million, and DHS' operating budget, \$1.440 million.

The equipment on Attachment B only reflects the planned equipment purchases that require Board approval to purchase with a unit cost of \$250,000 or greater. The FY 2015-16 DHS comprehensive equipment list includes other equipment planned purchases that falls below the \$250,000 threshold and this will allow DHS to fully maximize the \$10.000 million revolving fund amount. The funding for the other equipment that fall below the \$250,000 threshold is funded and budgeted in DHS' FY 2015-16 operating budget and is currently in the procurement process.

Based on the committee's findings and recommendations, DHS is recommending approval to acquire the equipment identified on Attachment B at a total estimated cost of \$4.111 million, whereby the establishment of the associated new capital projects for the equipment installation and room

alterations will be submitted for the Board's approval via separate Board letter at and in coordination with the approved equipment purchases. The equipment is planned to be purchased as soon as approved by your Board and it is being requested in this Board letter in advance of the associated capital projects Board letter to allow as much lead time as possible for the equipment procurement process. It is estimated that the capital project cost will be \$4.322 million.

Radiology Equipment: DHS intends to purchase proprietary digital radiology equipment from Fujifilm Medical Systems USA, Inc. (Fujifilm) to meet the general x-ray imaging needs for El Monte Comprehensive Health Center (CHC), Hubert H. Humphrey CHC, Long Beach CHC, and Harbor-UCLA Medical Center (H-UCLA MC). Fujifilm's radiology equipment was the only equipment which is fully compatible and interoperable with DHS' enterprise-wide computer network for digitized radiologic images and reports. Such network, otherwise known as the Picture Archiving and Communication System (PACS), is also manufactured by Fujifilm and utilizes proprietary software.

Nuclear Medicine Imaging Equipment: DHS plans to purchase nuclear medicine imaging equipment from G.E. Healthcare for H-UCLA MC. Such equipment is used to diagnose and determine the severity of a variety of diseases, including many types of cancers, heart disease, gastrointestinal, endocrine, neurological disorders and other abnormalities within the body. During the selection process of nuclear medicine equipment from various manufacturers, the committee determined that G.E. Healthcare and one other vendor met the criteria. While comparable in cost, DHS selected G.E. Healthcare's equipment since it was the only equipment that met the minimum room requirements of DHS facilities. These space limitations make it physically impossible to use the larger equipment from the other manufacturer.

Approval of the second recommendation will provide DHS with the necessary capital assets appropriation, as detailed in Attachment A, to purchase the radiology equipment through ISD.

Implementation of Strategic Plan Goals

The recommended action(s) support(s) Goal 1 - Operational Effectiveness/Fiscal Sustainability and Goal 3 – Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Funding is included in DHS' FY 2015-16 Final Budget for capital projects, budgeted specifically for the radiology fund and is requested to be transferred, through the approval of the second recommended action for the budgeted adjustment (Attachment A), to the associated facilities' operating budgets as capital assets appropriation for the planned equipment purchases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 16, 2001, the Board approved the classification categories for fixed assets (now referred to as capital assets) and new requirements for major capital assets purchases requiring County departments to obtain Board approval to purchase ordinance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to the County's Purchasing Agent.

DHS, ISD, and DPW will perform specific roles to ensure an integrated and coordinated approach to procure and install the radiology equipment, whereby DHS is financially responsible for the purchase, installation and room alterations, ISD procures the equipment, and DPW will manage the

design and construction using an as-needed architect/engineer and Job Order Contracts previously approved by the Board to install the equipment and make the necessary room alterations to accommodate the equipment at DHS facilities.

CONTRACTING PROCESS

This acquisition of equipment falls under the statutory authority of the County Purchasing Agent and will be accomplished in accordance with the County's Purchasing Policies and Procedures established by ISD. ISD will negotiate a sole-source agreement with both Fujifilm and GE Healthcare as the sole distributors of the equipment identified.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the provision of standardized radiologic services across DHS and will enable DHS to provide high quality and responsive care to its patients, as well as to meet regulatory standards for access to radiologic studies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz", is written over a horizontal line.

Mitchell H. Katz, M.D.

Director

MHK:ck

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department
Department of Public Works

PINK

BA FORM 03/13

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

DEPT'S.
NO. 110

February 5, 2016

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2015-16

4 - VOTES

SOURCES

USES

BA DETAIL – SEE ATTACHMENT PAGE 1.

BA DETAIL – SEE ATTACHMENT PAGE 1.

SOURCES TOTAL: \$

8,222,000

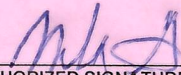
USES TOTAL: \$

8,222,000

JUSTIFICATION

Reflects appropriation adjustment to reallocate \$4.111 million from Capital Project Number 86937 to various DHS facilities to fully fund the proposed radiology equipment acquisition.

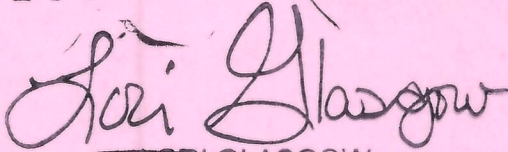
ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE Mela Guerrero, Controller, DHS

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

19

MAR 15 2016


LORI GLASGOW

EXECUTIVE OFFICER

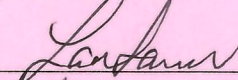
REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY


Feb. 9 2016

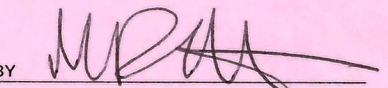
B.A. NO. 136

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY


FEB. 24 2016

**DEPARTMENT OF HEALTH SERVICES
REQUEST FOR APPROPRIATION ADJUSTMENT
FISCAL YEAR 2015-16**

4 VOTES

SOURCES:**LAC+USC HEALTHCARE NETWORK ENTERPRISE FUND**

MN4-HG-96-9912-60010
OPERATING SUBSIDY - GENERAL FUND 554,000
INCREASE REVENUE

METROCARE NETWORK ENTERPRISE FUND

MN1-HH-96-9912-60020
OPERATING SUBSIDY - GENERAL FUND 3,557,000
INCREASE REVENUE

Total Enterprise Fund \$ 4,111,000

HEALTH SERVICES**VARIOUS REFURBISHMENTS**

A01-CP-6014-65036-86937
CAPITAL ASSETS - B & I 4,111,000
DECREASE APPROPRIATION

Total General Fund \$ 4,111,000

Total \$ 8,222,000

USES:**LAC+USC HEALTHCARE NETWORK ENTERPRISE FUND**

MN4-HG-6030-60010
CAPITAL ASSETS - EQUIPMENT 554,000
INCREASE APPROPRIATION

METROCARE NETWORK ENTERPRISE FUND

MN1-HH-6030-60020
CAPITAL ASSETS - EQUIPMENT 3,557,000
INCREASE APPROPRIATION

Total Enterprise Fund \$ 4,111,000

ENT SUB-LAC+USC HEALTHCARE NETWORK

A01-AC-6100-21200-21224
OTHER FINANCING USES 554,000
INCREASE APPROPRIATION

ENT SUB-METROCARE NETWORK

A01-AC-6100-21200-21226
OTHER FINANCING USES 3,557,000
INCREASE APPROPRIATION

Total General Fund \$ 4,111,000

Total \$ 8,222,000

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

19

MAR 15 2016



LORI GLASGOW

EXECUTIVE OFFICER

BA#136



ATTACHMENT B

**COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
RADIOLOGY EQUIPMENT OVER \$250,000
FISCAL YEAR 2015-16
(\$ in Millions)**

No.	Facility	Category	Quantity	Description	Vendor	Equipment	Construction	Total
1	El Monte Comprehensive Health Center	General Radiology Unit	1	Room 2127	Fujifilm	\$0.554	\$0.650	\$1.204
2	Humphrey Comprehensive Health Center	General Radiology Unit	1	Room 1176	Fujifilm	\$0.611	\$0.656	\$1.267
3	Long Beach Comprehensive Health Center	General Radiology Unit	1	Room 202-21	Fujifilm	\$0.670	\$0.656	\$1.326
4	Harbor-UCLA Medical Center	General Radiology Unit	1	Room 2W_1	Fujifilm	\$0.772	\$0.772	\$1.544
5	Harbor-UCLA Medical Center	General Radiology Unit	1	Room 2W_3	Fujifilm	\$0.766	\$0.737	\$1.503
6	Harbor-UCLA Medical Center	Nuclear Medicine	1	B-102	GE Healthcare	\$0.738	\$0.851	\$1.589
Total:			6			\$4.111	\$4.322	\$8.433